

16 SEP 2003

CUSTOM-CLASSIFICATION

COMMON COMMODITY CLASSIFICATION CODE FOR ASEAN STARTS ON JAN 1, 2004

By: Arul Rajoo

IPOH, Sept 16 (Bernama) -- The Royal Custom of Malaysia will start using the common commodity classification code of eight digits when the Asean Harmonised Tariff Nomenclature (AHTN) comes into effect on Jan 1, next year.

Its deputy director-general, Datuk Zaleha Hamzah said that Malaysia currently used nine digits but the changes were necessary to accommodate AHTN which would allow for facilitation of trade in the region.

"Currently, the international coding is six digits only but many countries have an extra three digits for their own classification of goods. But with AHTN, all the Asean countries will implement the eight-digit system," she told reporters after officiating Perak Custom Department's Community Centre here today.

Zaleha said a common classification was part of Asean's move to create an integrated market where there would be free flow of goods within the region.

She said traders in each member countries exporting their products and services would be able to enjoy the tariff preferential under the Common Effective Preferential Tariff (CEPT) Agreement signed by Asean Heads of Governments at the Fourth Asean Summit in Singapore in 1992.

She said it was to ensure the successful implementation of Asean Free Trade Area (AFTA) which required that tariff rates levied on a wide range of products traded within the region be reduced to 0-5 percent. Quantitative restrictions and other non-tariff barriers would also be eliminated.

Zaleha said the department was in the process of publishing a catalogue on the products and their common codes, adding that the current tariff book comprised 10,000 tariff lines.

"We will also go around explaining to the people, especially the exporters on the new tariff classification system. The Asean Secretariat is also compiling a list on the items and their codings," she added.

According to the Asean Secretariat, as of Sept 5, 2000, the total number of tariff lines in the CEPT Inclusion List is 53,725 tariff lines, which represents about 83.8 percent of all tariff lines in the 10 Asean countries. The average CEPT tariff rate has dropped to 4.43 percent from 12.76 percent when it started out in 1993, for the original six-member countries.

She said besides AHTN, other trade facilitation measures included elimination of unnecessary technical barriers to trade, simplification and harmonisation of custom's procedures to ensure smooth flow of goods across and cooperation to curb smuggling.

On the possibility of smuggling of tobacco products and liquor increasing following the increase in duties for the two products, Zaleha said the department would take the necessary steps to overcome the problem.

"It's common whenever there is an increase (duty), smuggling of such products will increase. We will intensify our checks, intelligence and raids on premises and landing spots as well as cooperating with our neighbours," she added.

Zaleha said the department was hopeful the problem would be reduced with the implementation of the "Banderol System" (Sistem Label Cukai Dakwat Keselamatan) which would allow the authorities to check the status of such products whether it was genuine or its duty had been paid.

At the Budget 2004 presentation on Friday, Prime Minister who is also the Finance Minister, Datuk Seri Dr Mahathir Mohamad announced that duties on cigarettes and tobacco products would be increased by 20 percent while for liquor, it would go up by 10 percent. -- BERNAMA

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